



DEPARTMENT OF  
**FINANCE**

ARNOLD SCHWARZENEGGER, GOVERNOR

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July 10, 2008

Ms. Susan Hildreth, State Librarian  
California State Library  
P.O. Box 942837  
Sacramento, CA 94237-0001

Dear Ms. Hildreth:

**Final Audit Report—City of Anaheim, Haskett Library Grant Agreement 1047**

Enclosed is the final report on our audit of the City of Anaheim, Haskett Library Construction grant agreement 1047. The Department of Finance, Office of State Audits and Evaluations (Finance), performed this audit of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Proposition 14) funds in response to the Governor's directive. The audit included a review of receipts, expenditures, internal control, and compliance with certain agreement provisions.

The City complied with the fiscal requirements of the agreement, and its revenue and expenditures were fairly stated. Because there were no audit findings or issues requiring a response, we are issuing the report as final. In accordance with Finance's policy of increased transparency, this report will be placed on our website.

We appreciate the City's assistance and cooperation with our audit. If you have any questions regarding this report, please contact Kimberly A. Tarvin, Manager, or Rich Hebert, Supervisor, at (916) 322-2985.

Sincerely,

***Original signed by:***

David Botelho, Chief  
Office of State Audits and Evaluations

Enclosure

cc: Ms. Debbie Moreno, Assistant Finance Director, City of Anaheim  
Ms. Jennifer Sorensen, Senior Accountant, City of Anaheim  
Ms. Carol Stone, City Librarian, Anaheim Public Library  
Mr. Terry Lowe, Director Community Service Department, City of Anaheim  
Mr. Curtis Purnell, Bond Act Fiscal Officer, California State Library

# A F<sub>INAL</sub> G<sub>RANT</sub> A<sub>UDIT</sub>

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City of Anaheim  
Haskett Branch Library  
Proposition 14 Bond Program  
Agreement 1047



Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

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May 2008

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## PREFACE

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The Department of Finance, Office of State Audits and Evaluations, performed this audit of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Proposition 14) funds in response to the Governor's directive, and under an interagency agreement with the California State Library, Bond Administration Office.

We audited grant agreement 1047 awarded to the City of Anaheim (City) for construction of the Haskett Library. The grant was funded from Proposition 14 and covered the period April 15, 2003 to June 30, 2007. We previously issued an interim audit report for the period April 15, 2003 to December 31, 2003. The final report consolidates the results from the interim audit and includes subsequent transactions through June 30, 2007.

The objective of this audit was to determine the City's fiscal compliance with the aforementioned grant. We did not assess the efficiency or effectiveness of program operations, or the quality of the completed project. The responsibility for financial reporting and compliance rests with the City.

This report is intended for the information and use of state and City management. However, this report is a matter of public record and its distribution is not limited.

### **STAFF:**

Kimberly A. Tarvin, CPA  
Manager

Rich Hebert  
Supervisor

Kweku Atta-Mensah  
Mary Tesema



## INDEPENDENT AUDITOR'S REPORT

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Ms. Susan Hildreth, State Librarian  
California State Library  
P.O. Box 942837  
Sacramento, CA 94237-0001

We have audited the accompanying City of Anaheim (City) *Statement of Revenue and Expenditures* (Statement) for grant agreement 1047 for the period April 15, 2003 to June 30, 2007, as executed between the City and the California State Library. This Statement was prepared from the City's records and is the responsibility of its management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared, as described in Note 4, for the purpose of determining the City's fiscal compliance with the aforementioned agreement. The Statement is not intended to be a presentation of the City's total revenue and expenditures.

In our opinion, the *Statement of Revenue and Expenditures* presents fairly, in all material respects, the claimed and audited revenue and expenditures for the agreement number and period specified in paragraph one, in conformity with accounting principles generally accepted in the United States of America.

### **Compliance**

As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, or other matters that are required to be reported under *Generally Accepted Government Auditing Standards*.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

This report is intended solely for the information and use of state and City management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

### ***Original signed by:***

David Botelho, CPA  
Chief, Office of State Audits and Evaluations

May 9, 2008

# STATEMENT OF REVENUE AND EXPENDITURES

**City of Anaheim  
Haskett Branch Library  
Grant Agreement 1047  
For the Period April 15, 2003 to June 30, 2007**

	(State Share) <u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
<b>Revenue:</b>			
Proposition 14 Funds <sup>1</sup>	\$5,076,774	\$5,076,774	\$       0
<b>Expenditures:</b>			
Appraised Value of Land	474,630	474,630	0
Construction	3,156,779	3,156,779	0
Relocation and Land Acquisition Expenses	679,949	679,949	0
Consulting and Professional Fees	731,317	731,317	0
Local Project Administration Costs Expenses	<u>34,099</u>	<u>34,099</u>	<u>0</u>
Total Expenditures	<u>5,076,774</u>	<u>5,076,774</u>	<u>0</u>
<b>Excess of Revenue over Expenditures</b>	<u>\$       0</u>	<u>\$       0</u>	<u>\$       0</u>

The accompanying notes are an integral part of this statement.

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<sup>1</sup> Amount includes final payment of \$507,679 due from the California State Library.

# NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

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**City of Anaheim  
Haskett Branch Library  
Grant Agreement 1047  
For the Period April 15, 2003 to June 30, 2007**

**NOTE 1 Description of the Reporting Entity**

The City of Anaheim (City) was incorporated as a charter city in 1876; and operated under a City Charter with a council-manager form of government. The City provides a full range of services, such as police and fire protection, highways and streets, public improvements, planning and zoning, utilities (electric and water), sanitation and solid waste. In addition to general governmental activities, the city council is financially accountable for the Anaheim Housing Authority, Anaheim Redevelopment Agency, and Community Center Authority. The City Librarian is the coordinator for this library construction project.

**NOTE 2 Program Information**

In March 2000, California voters approved the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act (Proposition 14), which authorized the State of California to sell \$350 million in general obligation bonds to support public library construction and renovation. The California State Library, Office of Library Construction (OLC), administered these programs, making grants to local government entities.

In 2006 the OLC was reorganized as the Bond Administration Office (BAO), which now administers the program. The BAO authorizes the disbursement of bond proceeds to local agencies via grants and these agencies expend the funds on approved projects. Program requirements are codified in Title 5 and Title 24 of the California Code of Regulations.

**NOTE 3 Description of Grant Agreement**

The OLC awarded the City a \$5,669,872 Proposition 14 grant for the period April 15, 2003 to June 30, 2007 which provided funding for the Haskett Branch Library. The 24,000 square foot library is a joint venture facility, serving city residents and Maxwell Elementary School and Magnolia School District students. The approved project budget was \$8,722,880 million, of which 65 percent, or \$5,669,872, was eligible for reimbursement under the program. The City expended \$5,076,774 of the \$5,669,872 available state funds.

The project has been completed and the Library was opened to the public in



May 2006.

**NOTE 4 Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The Statement was prepared from the City's accounts and financial transactions. The Statement summarizes the state-funded portion of the City's recorded project revenue and expenditures for the final audit period April 15, 2003 to June 30, 2007. The Statement summarizes the City's transactions pertaining to grant agreement 1047 only, and is not intended to represent all of its financial activities.

**B. Basis of Accounting**

The City's governmental funds and accounts are maintained on a modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.

**NOTE 5 Matching Fund Requirements**

Grant Agreement 1047 required the City to provide matching funds equal to 35 percent of eligible project expenditures, or approximately \$3 million. The City met the required match.